

Congress of the United States
House of Representatives
Washington, DC 20515-1407

Financial Services Committee
Capital Markets, Insurance and Government Sponsored Enterprises Hearing: "HR 5840,
the Insurance Information Act of 2008"
Opening Statement for Congressman André Carson
June 10, 2008

Thank you, Chairman Kanjorski and Ranking Member Pryce for holding this hearing today regarding the proposal in H.R. 5840 to create an Office of Insurance Information (OII) within the Department of Treasury.

Confusion regarding insurance regulation in the aftermath of the terrorist attacks on September 11th 2001 and Hurricane Katrina serves as evidence that we need a better resource on a Federal level that collects and analyzes data on the industry, issues reports and provides Congress with information on issues within the industry. The OII would fill that gap make Congress more responsive in national crisis by providing us with comprehensive information on property, catastrophe or casualty insurance issues as we are construct policy decisions.

Further, we need to work to preserve the competitiveness of the United States in the international market. The mediocre U.S. position in the international insurance market is at odds with our success in other financial sectors. As consolidations within the industry abroad grow and those entities take greater hold of the market share, investment in the U.S. reinsurance market, for example, is stagnant due in part to rigid collateral requirements for alien reinsurers.

H.R. 5840 would authorize the OII to become a point of contact on the Federal level for foreign governments to reach out to regarding international insurance issues. The complexity in the U.S. insurance market resulting from disparate regulations imposed in each of the 50 states is seen as burdensome to overseas companies wishing to operate within the United States. This is a growing concern especially as the European Union (EU) has taken many strong steps to make a uniform, simplified regulatory structure.

The EU has issued two new overhaul directives, Solvency II which largely mirrors the Basel II Accord and a new reinsurance directive to enable reinsurers once they are licensed under their EU country of origin's licensing standard to do business with without further registration requirements. Our insurance industry must figure out how to adapt to movements abroad like the EU's directives in order to leverage a better position for U.S. companies moving forward.

The OII as envisioned in H.R. 5840 would be a great resource in that effort and would help create a level playing field in international negotiations to foster foreign investment in our insurance market.

Finally, there is some contention within the industry on the scope of the authority of the OII regarding state preemption on international issues. In order to make sure this is sound policy, we must examine the extent to which, if any, this preemption authority would infringe state regulation on domestic issues. I look forward to the discussion of this matter in today's hearing.

I would like to thank the witnesses for participating and I look forward to your testimony.